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**THE PRAGUE STOCK EXCHANGE  
ANNUAL REPORT 1994**

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**INTRODUCTION BY CHAIRMAN OF THE STOCK EXCHANGE CHAMBER**

*In the second year of its renewed existence, the Prague Stock Exchange confirmed its irreplaceable role it plays in the Czech capital market's structure. If the year 1993 was a year of accumulating further experience, the last year has pushed its development extremely forward and brought a number of important changes. Trade volume has grown up to almost seven times the level of the previous year, with number of the stock issues admitted to the listed securities market radically increased, and family of the Stock Exchange member companies gone up by more than one third. Possibilities of trading have expanded substantially, electronization and computerization of the Exchange have progressed radically, and the platform for continuous trading in-real time has been created. A significant act aimed at further development of a higher transparency of capital operations and better information awareness of investors were demonstrated by both inception of periodical BURZA (means the "Exchange") and foundation of the Czech Capital Information Agency. These became the most visible features of the expressive development of the Prague Stock Exchange that is getting closer and closer to international standards step-by-step.*

*The Prague Exchange was successful in keeping up the pace with the development of the Czech capital markets as well as in taking the prospective steps reflecting their anticipated evolution. The fact, that it has managed to achieve its current level within an unexpectedly short time, is providing it with an opportunity to accomplish far-reaching strategic plans in the manner in which it could make the next year repeatedly a year of both remarkable dynamization and effective maturation. It has met all the requirements necessary for the accomplishment.*



Dr. Richard Salzmänn

## THE STOCK EXCHANGE BODIES

### STOCK EXCHANGE CHAMBER

#### Chairman

Dr. Richard SALZMANN, Komerční banka, a.s.

#### Vice-Chairman

Ing. Pavel KAVÁNEK, ČSOB, a.s.

Ing. Miroslav ADÁMEK, Ekoagrobanka, a.s.

Zdenek BAKALA, Patria Finance, a.s.

Ing. Aleš BARABAS, Živnostenská banka, a.s.

Ing. Pavel JANDA, Agrobanka, a.s.

Ing. Jaroslav KLAPAL, Česká spořitelna, a.s.

Ing. Arnošt KLESLA

Ing. Miroslav KUČERA, Česká národní banka, a.s.

Ing. Jan KURKA, Pragobanka, a.s.

Ing. Pavel LUBOJACKÝ, ČEZ, a.s.

Ing. František PALIČ, VÚB, a.s.

Doc. Ing. Vladislav PAVLÁT, CSc.

Ing. Libor PROCHÁZKA, Investiční a Poštovní banka, a.s.

Ing. Ivan RAJDA, Efekta, a.s.

Ing. Jaroslav SNÁŠEL, Zemská banka, a.s.

Ing. Karol TÖLGYESI, Interbanka, a.s.

Ing. Michal VĚTROVSKÝ



Zdenek Bakala

Jaroslav Klapal

Aleš Barabas

Richard Salzmann

Pavel Kavánek

Vladislav Pavlát

Pavel Lubojacký

František Palič

Libor Procházka

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## THE STOCK EXCHANGE BODIES

### SUPERVISORY BOARD



#### **Chairman**

JUDr. Martin KRYL, Živnostenská banka, a.s.

Ing. Ctibor LUSK, Creditanstalt Securities, a.s.

Ing. Ladislav PATLICH, Finop, a.s.

Ing. František VEJMOLA, Komerční banka, a.s.

Ing. Jaroslav ŽÁK, Agrobanka, a.s.



Pavel Janda

Miroslav Kučera

Ivan Rajda

Jan Kurka

Michal Větrovský

Miroslav Adámek

Jaroslav Snášel

Karol Tölgyesi



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## THE STOCK EXCHANGE BODIES

### GENERAL SECRETARY

Ing. Jiří FRANČ

### STOCK EXCHANGE COMMITTEES

#### **Committee on Exchange Trading**

Chairman

Doc. Ing. Vladislav PAVLÁT, CSc.

#### **Securities Listing Committee**

Chairman

Ing. Aleš BARABAS

#### **Membership Committee**

Chairman

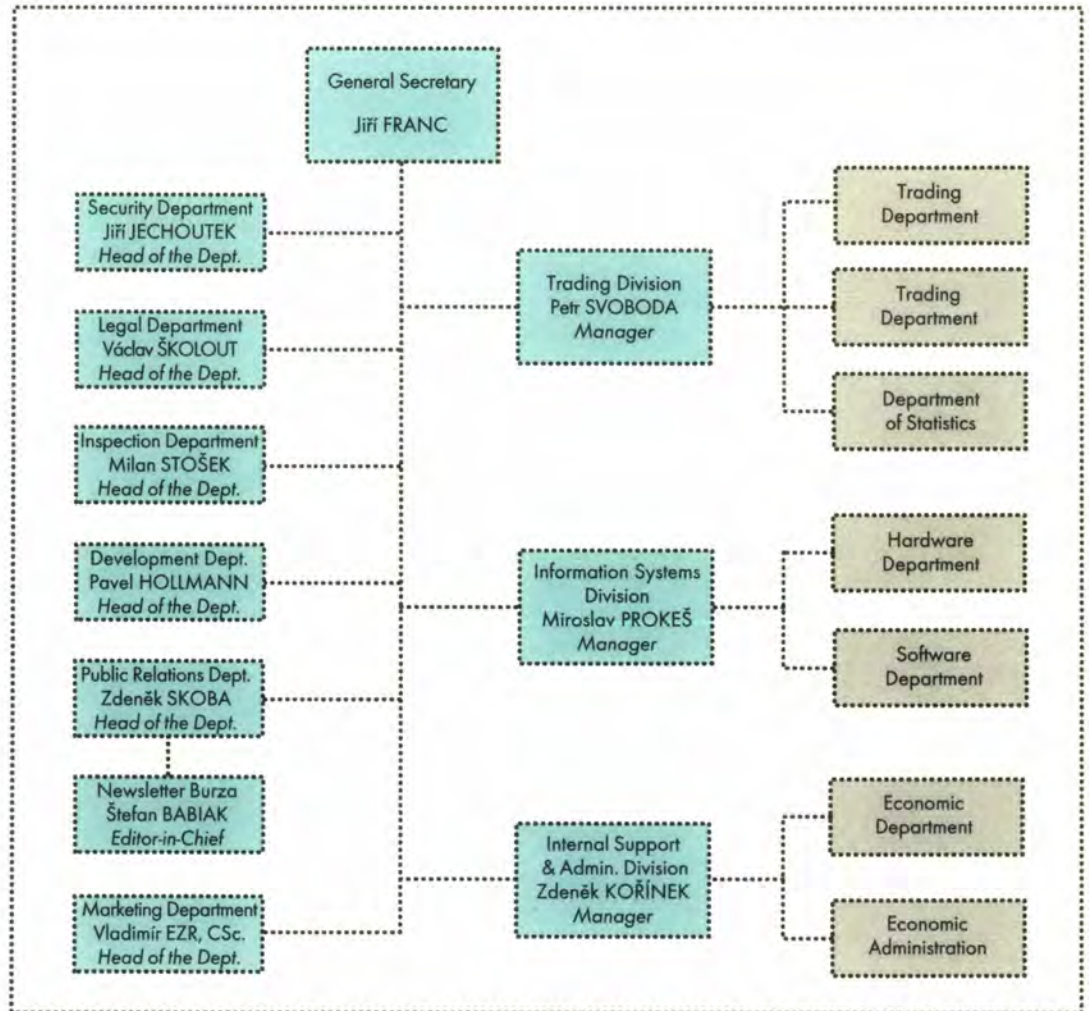
Ing. Jaroslav KLAPAL

#### **Committee on Preparation for Trading in Options and Futures**

Chairman

Zdenek BAKALA

## ORGANIZATIONAL CHART OF THE STOCK EXCHANGE









## DEVELOPMENT OF THE CAPITAL MARKET IN 1994

The Czech capital market has been influenced to a decisive degree by presence of issues floated by companies privatized under the 1st wave of a unique world experiment applied to property denationalization. The Exchange has been taking an important place in this process as a rate-creating factor and, simultaneously, as a common platform for a significant portion of trade transactions. The trading results have confirmed the explosive growth of the Stock Exchange market and generally successful its second year of existence. Its beginning was accompanied by a tendency to growth which was a follow-up to the development of previous periods. It culminated at mid-March and hence the development took the way of seeking the bottom maximum of the securities market value oscillating curve. Insufficient development and maturity of the domestic market played its role in that process as well as did the real experience of domestic investors who joined the purchasing activities quite often only at the time when the rates were at a steep rise. Step-by-step, the subsequent over-heat of the capital market changed to a gradual deep fall lasting up to the last June and leading to a consequent stagnation of the market which culminated as late as last August. A more expressive revival of the stock exchange trades was demonstrated in the first months of the last autumn, with an unusual gradation arriving at the end of the year when a monthly trade volume surpassed the level of the preceding year. Operations of the last December were effected with a limited range of listed issues floating on a descendent wave for the rates. During the revitalization of the market, in months of the autumn in particular, activity of investors gradually migrated from bonds to a higher risk bearing shares. Their rate in the total trade volume reached 53 percent at the end of October. A dominant position in transactions effected has been constantly kept by listed companies which has been demonstrated most visibly at the year-end.

Price development in 1994 passed an expressive oscillation between the extreme marginal positions. It has confirmed that the Czech securities which have emerged from the voucher privatization are only looking for the optimum market positions and the extreme distance between their ceilings and thresholds have illustrated sufficiently how sophisticated and difficult this process is.

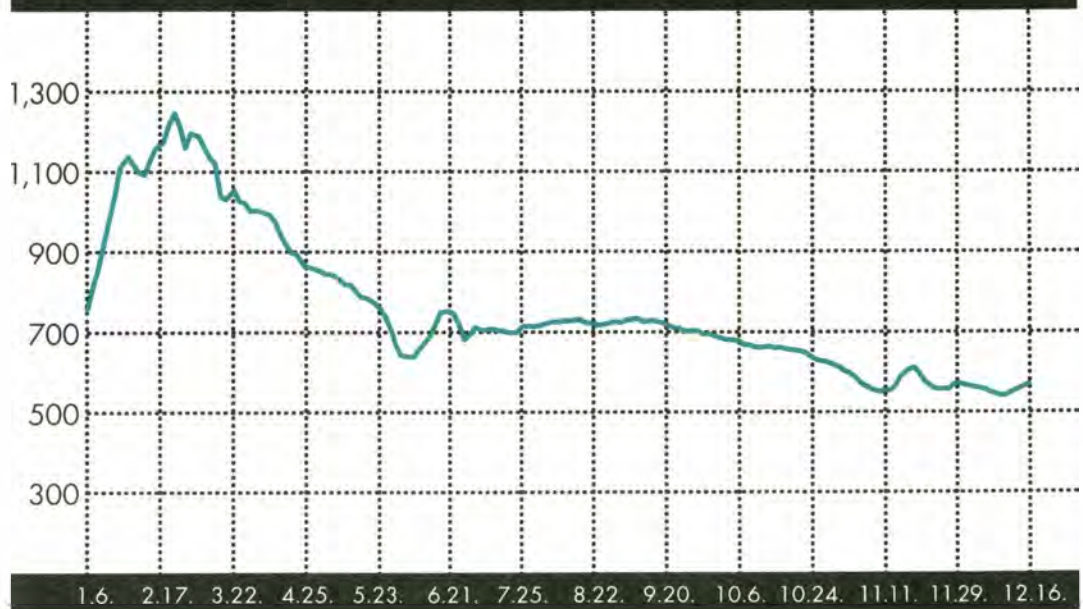


## THE STOCK EXCHANGE IN 1994

The Exchange started the year under review with a two-day trading frequency in a week. From March 14, the exchange Tuesdays and Thursdays were joined also by Mondays. A new trading cycle made it possible to shorten the period of the long-term decline of the first half of the year. The existing five-day trading cycle was introduced by the Exchange on September 19, 1994. Altogether, 161 trading sessions were held within the reported period.

The gradual increase in the trading frequency was interconnected with a significant growth of a workload, particularly in the area of both hardware and software which has also reflected in a growing number of the Exchange staff. The most decisive proportion of the reinforcements formed the assignments to the Information Systems Division. Three new departments were also created in this year: Inspection, Development, and Marketing Departments. The Inspection Department was established as a reflection of strengthening the control mechanism which exercises supervision over the compliance with the Stock Exchange regulations and correctness and fairness of trading operations. Both the Development and Marketing Departments were constituted as a follow-up to the preparation of the Stock Exchange Strategic Development Program with the aim to actively exercise influence namely over PSE members and issuers of securities.

**PX 50 INDEX - DEVELOPMENT IN 1994**





## **THE SYSTEM OF TRADING AT THE STOCK EXCHANGE AND NEW SERVICES ASSOCIATED WITH THE TRADING**

A core of PSE is continuously formed by its automated trading system (ATS) which calculates rates of securities on a daily basis according to a pre-defined algorithm. Having set the rate, stock dealers may input additional orders within a continuous trading session at a fixed price. Principle of time priority applies to their execution (satisfaction). This method of trading enables first of all to balance any surplus and then reach a perfect equilibrium, as stock brokers and dealers are allowed to enter orders for both purchase and sale of all securities traded at the given session.

In terms of volume, direct stock exchange operations executed between two member companies had their upper hand over the Central Market trades. Direct block trades without no limit price set became a real novelty. This important service was introduced in mid-October and it enables to sell high volumes of securities through the Exchange market. From their beginning, the block trades are also designed for listed securities issues and they offer an opportunity to operatively change the range of issues according to the market's interest. Opposite to the direct trades, direct block trades represent a more safe course of both trading and settlement.

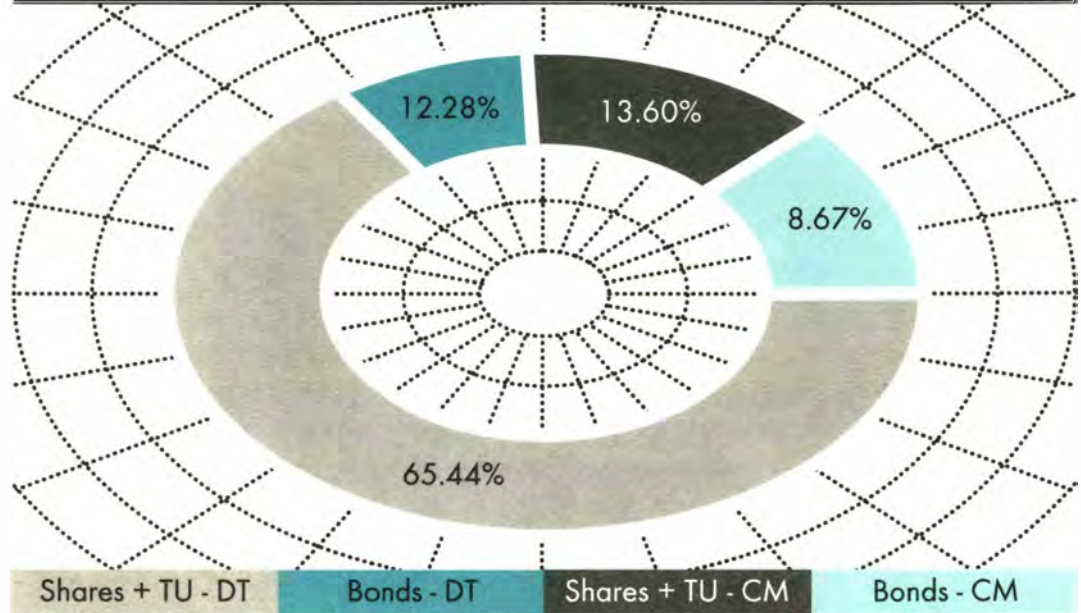
An important development step became the automation of additional orders for continuous trades at fixed price in all securities transacted on current trading day. About two hundred of such trades were input by stock dealers on an average per trading session. The highest volume was registered on October 17, 1994 (CZK 63.9 mil.). This service has radically contributed to the growth of trading at the Central Market where, on an average, about 30 percent of individual trading session volume was effected through additional orders.

A significant contribution to higher operativeness and stock exchange trading comfort became the expansion of direct communication between the Exchange and its members. The practical testing of the on-line regime took place on March 24, 1994 and following this date, number of members with the on-line connection has been expanding quickly. The new communication method not only serves the purpose of transmitting trading instructions, but it also enables an operative transmission of other data. At the end of the year, this system was available for 48 member firms.

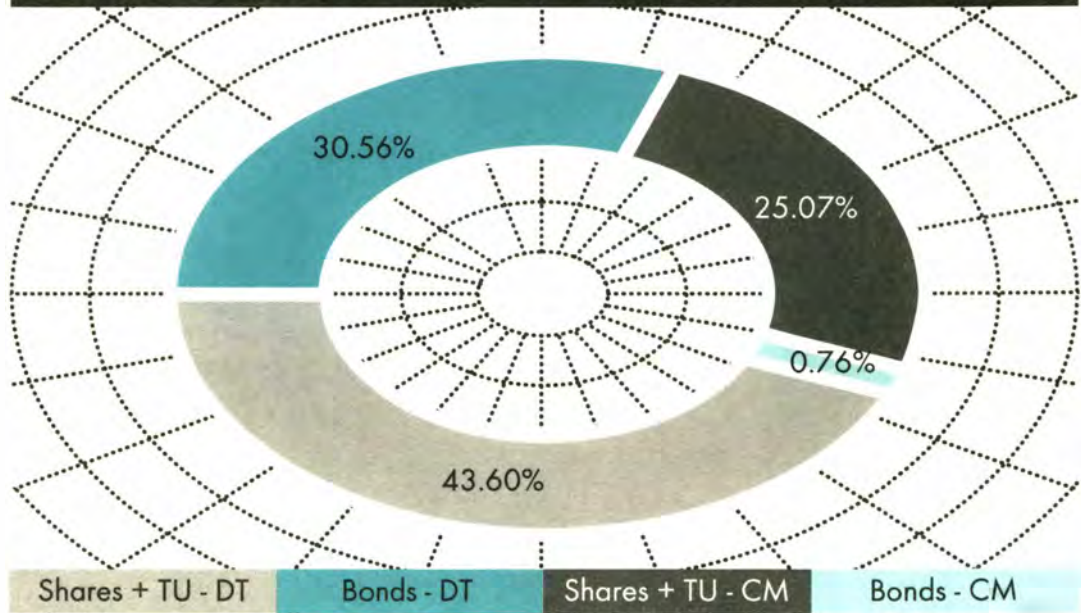
To the 1st anniversary of launching the trading, on April 5, 1994, the Exchange established the PX-50 Index. Corresponding to the International Finance Corporation's index development methodology for emerging markets, this Index includes 50 stock issues selected by market capitalization, liquidity ratio, while taking into account sector structure. Starting value for the Index were 1,000 points. After the first step of the advance, the Index reached its year's highest value in April. On the contrary, its historical low of 541.1 points was recorded in December and the year was closed at 557.2 points.



TRADE STRUCTURE IN 1993



TRADE STRUCTURE IN 1994



CM - Central Market, DT - Direct Trades, TU - Trust units

## BASIC DATA ON TRADING FOR 1994

Yearly trade volume for 161 trading sessions reached CZK 62.062 bil. (i. e. thousand mil.) having recorded a growth by 587 percent against the preceding year. An average trade volume per session reached CZK 385.3 mil. which represents an increase by 75.1 percent if compared with the previous year. The highest daily volume of CZK 2.393 bil., recorded in the Exchange statistics, was reached on December 14. The highest volume reached at the Central Market relates to the trading session held on March 1 and it represented CZK 371.4 mil.

Structure of the market, including that for individual trades, has undergone an interesting development. Listed securities took 69.9 percent share in the trade balance for 1994. Total volume of automated trades reached CZK 16.026 bil. which represents 25.8 percent. Direct operations accounted for CZK 45.999 bil. Trade volume development by individual month was considerably distorted by unequal conditions namely from viewpoint of the trading frequency. In terms of volume, the strongest month was December followed by February and March with September and October behind.

TOTAL TRADING VOLUME OF SECURITIES IN 1994									
	BONDS		SHARES		TRUST UNITS		TOTAL		
	VOLUME (thous. CZK)	NUMBER (PCS)	VOLUME (thous. CZK)	NUMBER (PCS)	VOLUME (thous. CZK)	NUMBER (PCS)	VOLUME (thous. CZK)	NUMBER (PCS)	
listed securities	CM	239,498.998	102,206	6,834,295.755	5,135,360	0.000	0	7,073,794.753	5,237,566
	DT	15,261,452.052	1,309,793	21,017,394.398	10,330,316	0.000	0	36,278,846.450	11,640,109
	Σ	15,500,951.050	1,411,999	27,851,690.153	15,465,676	0.000	0	43,352,641.203	16,877,675
unlisted securities	CM	234,632.501	18,906	8,701,866.174	10,203,462	16,092.567	16,622	8,952,591.242	10,238,990
	DT	3,696,714.566	259,810	6,022,244.656	4,425,095	1,970.000	2,000	9,720,929.222	4,686,905
	Σ	3,931,347.067	278,716	14,724,110.830	14,628,557	18,062.567	18,622	18,673,520.464	14,925,895
Total	CM	474,131.499	121,112	15,536,161.929	15,338,822	16,092.567	16,622	16,026,385.995	15,476,556
	DT	18,958,166.618	1,569,603	27,039,639.054	14,755,411	1,970.000	2,000	45,999,775.672	16,327,014
	Σ	19,432,298.117	1,690,715	42,575,800.983	30,094,233	18,062.567	18,622	62,026,161.667	31,803,570

CM - Central Market, DT - Direct Trades, Σ - Total

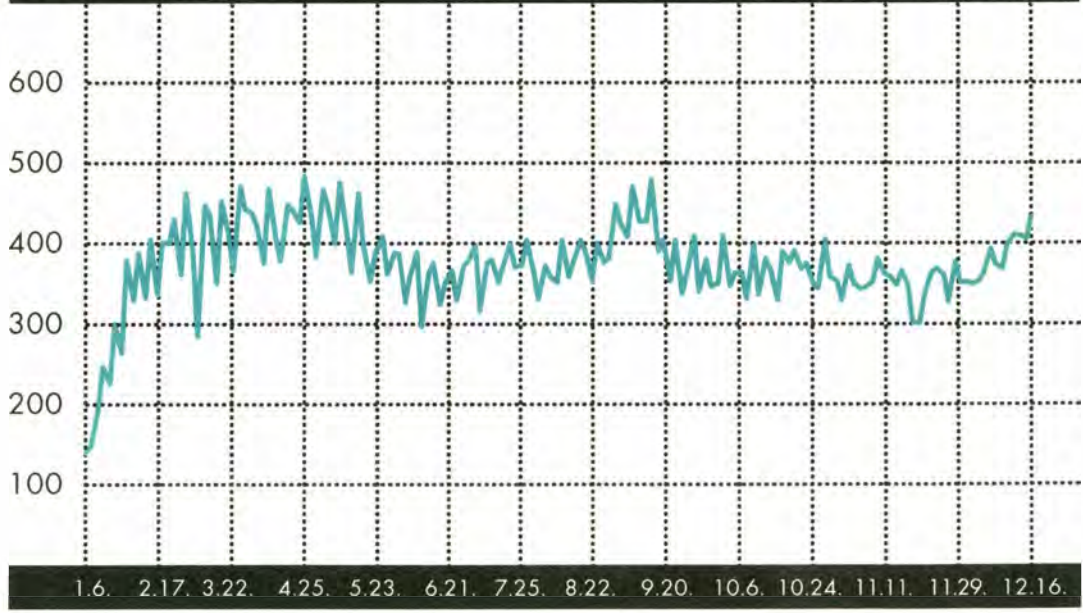


**REPORT OF THE GENERAL SECRETARY**

**MONTHLY DEVELOPMENT OF TRADE VOLUME IN 1994 (IN MIL. CZK)**



**NUMBER OF TRADED ISSUES - DEVELOPMENT IN 1994**



## STRUCTURE OF THE SECURITIES MARKET

Altogether 1,055 stock issues were traded at the end of 1994 which represents an increase by 7.4 % against the previous year. Decisive portion of this number was formed by unlisted securities, i. e. shares, bonds, and trust units. An expressive phenomenon was the radical growth in number of issues that had joined the listed market. While they were only 8 at the beginning of the year, their number went up to 47 at its end which meant a growth reaching almost six-times the original figure. Year 1994 was also the year when listed shares of investment funds and listed bonds of joint stock companies were traded for the first time. Total offer of securities traded at the unlisted market of the Pragues Stock Exchange was formed by 935 corporate stock issues, 4 trust units, 55 shares of investment funds, and 14 bonds. The prestigious market registered presence of 28 stock issues floated by both corporations and banks, investment funds, and 13 bond issues. Structure of the new titles registered at the Prague Stock Exchange is formed by 19 stock issues floated by new companies, and 9 bond issues. Four communal bond issues accompanied by 3 corporate and 2 bank issues took the dominant positions within the team. Two issues of trust units floated by unit trust funds became newly registered. So, it is apparent that despite strict selection rules and rigoros information disclosure obligations, a substantial growth of interest in admission to the listed market was recorded namely on part of companies whose securities are marketed at the Prague Exchange. This tendency is equally apparent for both stock and bond issues, while a close link is especially obvious between the set of issues traded at the listed market and the total trade volumes that are being achieved to a decisive extent exactly thanks to these issues. The interest in undergoing the listing proceedings reached its peak at the end of the year which can be taken as a confirmation of the fact that this tendency is going to have its continuation also in the next period.









## SETTLEMENT OF THE STOCK EXCHANGE TRADES

Settlement of stock exchange trades is performed by the Stock Exchange Register of Securities, s.r.o., that is a subsidiary company of PSE. As at January 1, 1994, the Register maintained altogether 7,724 holding accounts for 48 Exchange members. At the end of the same year, it already maintained 20,033 holding accounts for 62 member firms. Within the range of services provided to stock dealers (brokers), the Stock Exchange Register keeps records on stock transfers arising from stock exchange deals, depositions to and withdrawals of certificated securities from the Depository, from either blocking and/or de-blocking the securities registered in the Securities Center (in book-entry form), from buyings-in (intervention purchases), stock events, as well as from corrective transfers (adjustments). In the course of the year, the SERS cleared 1,116,433 transfers through which 659 mil. pieces of securities changed their holders. The decisive growth in number of the transfers occurred in March, i. e. the period of a general growth of volumes and since then, it was declining until the last July and then reached again its new maximum in September. In 1994, direct trades accounted for 2,797 transfers and 41 transfers implied from block trading. In addition, 284 buyings-in were also cleared in the course of the whole year. Acting from third party's position, the Exchange, within the process of financial (cash) settlement of the stock exchange transactions, the Register input into the Czech National Bank's Clearing Center orders (instructions) and managed funds (assets) of the Guarantee Fund. It also interposed as a mediator in the process of yield payment for certificated securities deposited with the Depository as well as in repayment of due amounts on matured bonds. It paid a lot of attention to preparation of new projects, took part in revision of the existing and valid rules and regulations, and organized special professional courses (seminaries) for professional staff of member firms. At the beginning of 1994, the Register had only 10 employees, but this figure went up by 5 more by the end of the year.

## DISSEMINATION OF INFORMATION

The increased interest in activities of the Prague Stock Exchange was also reflected in a growing number of data vendors who have their terminals located directly in the building of the Exchange. These are the following companies: REUTERS, FINSAT, TELEKURS, TELERATE, TENFORE, ČTK, and TANGER. Additional 12 both domestic and foreign agencies are, for the time being, acquiring information through BBS system. This information databank is also opened for additional 120 clients which either draw the trading data therefrom for their own analytical outputs or use them for subsequent sales.

A significant information source has become a periodical known under the name BURZA (standing for the Exchange) which, in terms of its publishing time and frequency, is copying the number of trading days (sessions). Its common issues disclose the official Stock Exchange Rate-list, basic trading results in the form of aggregated tables and charts, commentaries on the trading results and reports on stock issues broken down by trade volume and rate change. Its Friday's expanded issue is gradually getting profile of a specialized "capital weekly". Apart from being the most compact source of commercial, technical (technological), and analytical information coming from the Prague Exchange, it also provides official statistical reports and has gradually been orienting itself at additional issues dealing with the Czech capital markets and role of the Prague Exchange therein. Since May 1994, a monthly the "Prague Stock Exchange" is published in English on a regular basis. This provides a summary of the basic trading and legislative information for potential needs of foreign investors and analysts.

A very operative, designed for general public, source of information about what is going on at the Exchange, are both teletext broadcasted by ČT 1 and, since the mid-year, also by ČT 2 stations, as well as a videotext application of PASTEL.

An important act in removing a certain information deficit, regarding issuers of securities and their business results, should become the Czech Capital Information Agency. Its inception was initiated by the Prague Stock Exchange which has already established it jointly with the Česká spořitelna and Komerční banka. Having added a new strategic partner ČEKIA to the new joint stock company, the Agency should have become a significant source of economic information as early as mid-year 1995.



## INTERNATIONAL RELATIONS AND PRESENTATION OF THE STOCK EXCHANGE

The second year of existence for the Prague Exchange was a year of an extensive international activity when co-operation with foreign exchanges was deepened particularly with neighbouring Hungary and Poland. A meeting of General Secretaries of the Warsaw, Budapest and Prague Stock Exchanges took place in Prague in April 1994. Its participants reached an agreement on a systematic development of the mutual co-operation which has been reflected in the exchanging fellowships for specialists of the three exchanges. PSE was establishing intensive contacts hand in hand with international organizations of this type. As a corresponding member of the Federation of European Exchanges, it took part in two sessions devoted to the issues of developing markets. Within the framework of the International Federation of Exchanges (known under FIBV) in which it is acting as an associated member, the Prague Exchange had its representatives in the working colloquy in Mexico. On a continuous basis, it has been establishing wide contacts with the London Exchange. It also had its representatives at the World Economic Forum in which leading personalities of the world financial sector participated. The Exchange keeps contacts with tens of similar institutions all over the world and in 1994, it also recorded a remarkable increase in interest of investors wishing to get personally familiar with the operations of the Prague Exchange. Contacts have been developed with the Fund on Development of Exchanges and Financial Markets in Central and Eastern Europe which was set up by the Frankfurt Exchange. The Fund provided, in particular, training and short-term fellowships for PSE staff.

A part of the more intensive activity in the area of developing international contacts formed also the participation of the Prague Exchange in international exhibitions and fairs such as: CEETEX in London, held in May and devoted to the issues of investments and technology for countries of Central and Eastern Europe; Exchange of Exchanges Conference held in June in Paris, and fair Spektrum 94 held at the same time in Frankfurt over the Main. The most important domestic event where the Exchange presented the whole complex of its services was the fair FIBEX - on International Finance, Investment and Banking.







## **PROSPECTS OF FURTHER DEVELOPMENT OF THE PRAGUE STOCK EXCHANGE**

The dynamic development of the Exchange in 1994, additional expansion and modernization of services provided to stock dealers and investors have moved the Prague Exchange to the threshold of a new evolutionary stage. Substantial dominants of this stage will become the preparation of continuous trading in-real time, development of derivatives in the form of both options and futures, continuing automation and electronization of all types of trading operations. The whole complex of these issues has been reflected in the Strategic Development Plan prepared for the Prague Exchange for the period of the next two years.

A key event for the first half of 1995 can be considered the introduction of issues coming from the II<sup>nd</sup> wave of the voucher privatization to the Stock Exchange market(s). Both technically and organizationally this is a single step undertaken in the manner which should enable to launch trading in these issues as of March 1995. Thus, the voucher privatization process will reach its culmination peak and the Czech capital market will be given an opportunity of stabilization based on generally applicable European standards. We believe that the implementation of the two-year program, as mentioned above, will bring the Prague Exchange considerably closer to the level of this type of institution functioning in countries of Western Europe, and following introduction of convertibility for the Czech currency unit - Crown, it would be able to provide full-value services in all respect. The existing development reaffirms that for the successful achieving of this goal, the Exchange is possessing all necessary technological prerequisites, stabilized professional team as well as clear conceptual program for its further development.





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## REPORT OF THE SUPERVISORY BOARD

In exercising its authority during the year 1994, the Supervisory Board (SB) followed the relevant provisions of the statutory regulations, Stock Exchange (SE) Statutes, and instructions of the General Meeting of shareholders. The SB held altogether 4 meetings in 1994 in which it continuously discussed financial position of the Exchange and state of affairs of the Exchange assets, got familiar with the SE Regulations both those being prepared as well as those already adopted and exercised general supervision over the activities of the SE Chamber and other bodies and organizational departments of the SE. At the same time, the SB discussed suggestions received from shareholders, members of the Exchange and other persons. Apart from performing their duties on the SB, its individual members participated simultaneously in the work of the Exchange committees, commissions and other working groups appointed on an ad hoc basis.

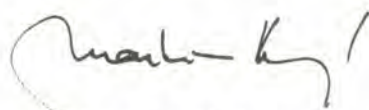
In 1994, the SB checked, inter alia, upon the activities of the SE Listing Committee and became familiar in detail with the activities of the Exchange subsidiary - the SE Register of Securities, s.r.o. In both cases, it has disclosed no serious irregularities in activities of these Exchange entities. One of the most important issues, taken up by the SB in the past year, was the analysis of the existing personnel structure in all Exchange bodies and Exchange committees, and the relationship between their members, shareholders and Exchange members as well. This analysis was prepared by the SB in response to the proposal initiated by Chairman of the SE Chamber.

Through its representatives present at the discussions of the SE Chamber, the SB expressed also its opinions on individual issues related to further development of the Exchange and on other strategic decisions taken by the SE Chamber in 1994.

In accordance with Article 32 of the Statutes of the Prague SE, a.s., the SB examined the Exchange closing statement of accounts verified by the auditors, got familiar with and accepted the auditor's statement. In addition, the SB examined the proposal for 1994 profit appropriation and/or loss coverage submitted by the SE Chamber.

On the basis of its verification and findings, the SB recommended to the General Meeting to approve the annual closing statement of accounts for the year 1994 and the proposal for 1994 profit appropriation in the wording in which this was prepared and submitted by the SE Chamber to the General Meeting.

In Prague, on May 29, 1995



JUDr. Martin Kryl  
Chairman of the Supervisory Board



## FINANCIAL STATEMENTS

### PROFIT/LOSS STATEMENT AS AT DEC. 31, 1994 (IN THOUS. CZK)

Revenues from sales of services	72,998
Production consumption	40,657
Personnel expenses	26,524
Taxes and levies	0
Other operating revenues	21,569
Other operating expenses	656
Depreciation (amortisation) of tangible and intangible fixed assets	32,162
Accounting for reserves and accruals to operating revenues	6,500
Accounting for adjustments to operating expenses	58
<b>Operating profit</b>	<b>1,010</b>
Financial revenues	1,217
Financial expenses	3,645
Accounting for reserves to financial revenues	66
Additions to financial reserves	1
<b>Loss from financial operations</b>	<b>(2,363)</b>
<b>Ordinary income</b>	<b>(1,353)</b>
Extraordinary revenues	2,182
Extraordinary expenses	180
<b>Extraordinary income</b>	<b>2,002</b>
<b>Profit of current accounting period</b>	<b>649</b>

### PROFIT APPROPRIATION (IN THOUS. CZK)

Profit of current accounting period	649
Legal appropriation to reserve fund	39
Unappropriated income	610

## FINANCIAL STATEMENTS

### BALANCE SHEET - ASSETS (IN THOUS. CZK)

	Jan.1,1994	Dec.31,1994
Receivables for subscriptions (for own equity capital)	1,500	0
<b>Fixed assets</b>	<b>143,581</b>	<b>138,897</b>
Intangible fixed assets	15,653	12,050
Tangible fixed assets	127,828	125,867
Financial investments	100	980
<b>Current assets</b>	<b>44,640</b>	<b>64,533</b>
Short-term receivables	9,026	15,291
Financial assets	35,614	49,242
Other assets	851	1,427
<b>Total assets</b>	<b>190,572</b>	<b>204,857</b>

### BALANCE SHEET - LIABILITIES (IN THOUS. CZK)

	Jan.1,1994	Dec.31,1994
<b>Equity (own)</b>	<b>113,732</b>	<b>191,311</b>
Registered capital	97,860	153,716
Capital funds	14,867	35,941
Legal reserve fund	536	760
Profit (loss) of previous year	(3,976)	245
Profit of current period	4,445	649
<b>External liabilities</b>	<b>74,455</b>	<b>9,039</b>
Other reserves	6,566	1
Short-term payables	67,889	9,038
Other liabilities	2,385	4,507
<b>Total liabilities</b>	<b>190,572</b>	<b>204,857</b>







## AUDITOR'S REPORT

In accordance with the Act No. 524/1992, Coll., on "Auditors and Chamber of Auditors of the Czech Republic", based on international directives on auditorship, we have duly examined the enclosed Closing Statement of Accounts for the year ending December 31, 1994, covering operations of the joint stock company Prague Stock Exchange, a.s., with its registered address at: Na Můstku 3, Praha 1; Co. ID (IČO) No: 47115629.

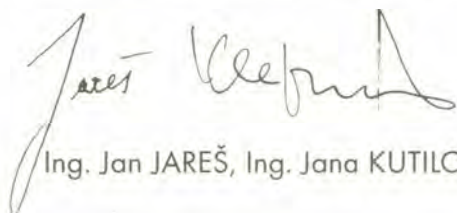
The Stock Exchange Chamber is fully responsible for compilation of the statements of accounts and book-keeping in the manner in which the accounting records be complete, providing conclusive evidence and correct and be complying with the applicable statutory regulations. Our responsibility is to give our opinion on the statements of the accounts as a whole on the basis of the audit performed.

Our audit was planned and performed with the aim to get a sufficient degree of assurance that the statement of accounts be not containing any significant irregularities. The audit includes verification of accounting documents which was carried out by verification of selected accounting data and other information proving the data contained in the statement of the accounts, assessment of the accounting procedures applied by the Company to the compilation of the accounts statement. Based on the results of the auditing procedures, we have disclosed no facts which could indicate that the accounting records of the Company have failed to comply with the statutory regulations.

We believe that the audit hereby performed provides a sufficient basis for us to make our statement on the Closing Statement of Accounts.

In our opinion the accounts of the Company give in all substantial aspects a true and fair view of the assets, liabilities, equity and financial position of the Company for the accounting period ending at 31 December 1994, and that they comply with the Accounting Act, No. 563/1991, Coll. and other relevant statutory regulations.

In Prague on this 11th day of April 1995



Ing. Jan JAREŠ, Ing. Jana KUTILOVÁ

HZ Praha, s.r.o.  
Auditor - Licence No. KAČR č. 31





## LIST OF THE STOCK EXCHANGE REGULATIONS

- The Statutes of the Stock Exchange Prague, a.s.**, approved by 2nd Regular GM on April 21, '94
- The Stock Exchange (SE) Rules**, approved by 2nd Regular GM on April 21, '94
- The SE Regulations**, approved by 2nd Regular GM on April 21, '94
- Rules of the SE Court of Arbitration**, approved by 2nd Regular GM on April 21, '94
- Rules of the SE Membership**, approved by the SE Chamber on October 20, '94
- Requirements for Admission of a Security to Trading at the SE** (Listing Requirements), approved by the SE Chamber on July 15, '94
- Conditions for Registration of Securities to Trading in the Unlisted Securities Market**, approved by the SE Listing Committee on July 27, '93
- Rate of Securities and its Calculation**, approved by the SE Committee on SE Trading on September 15, '94
- Fee Rules**, approved by the SE Chamber on February 17, '93,
- Stock Events**, approved by the SE Committee on SE Trading on December 8, '94
- The SE Chamber - Rules of Procedures**, approved by the SE Chamber on Feb. 3, '93
- Rules of the SE Securities Register**, approved by the SE Chamber on February 7, '94
- Agreement on the Association Guarantee Fund of the Exchange**, approved by the SE Chamber valid as of April 2, '93
- Rules of the SE Guarantee Fund**, approved by Assembly of Participants in the SE Association Guarantee Fund on July 1, '93
- Statute of the SE Guarantee Fund**, approved by Assembly of Participants in the SE Association Guarantee Fund on October 7, '93
- Securities Buying-in - Intervention Purchases of Securities**, approved by the SE Committee on SE Trading on March 16, '94
- The Direct SE Trade**, approved by the SE Committee on SE Trading on May 11, '94
- Continuous Trading at Fixed Price**, approved by the SE Committee on SE Trading on August 10, '94
- Block Trading**, approved by the SE Committee on SE Trading on September 29, '94
- Settlement of Block Trades**, approved by the SE Committee on SE Trading on September 29, '94
- Obligation of the Exchange Members to Disclose Information** ( Information Disclosure by the Exchange Members), approved by the SE Chamber on July 15, '94
- Requirements for Registration of Shares of Investment Funds and Trust Units of Unit Trusts for Trading in the Unlisted Securities Market**, approved by the SE Committee on SE Trading on November 23, '94



## SHAREHOLDERS

**AB BANKA, a.s.**, Pivovarská 113, 293 80 Mladá Boleslav,  
**AGROBANKA, a.s.**, Hybernská 18, 110 00 Praha 1,  
**BH SECURITIES, a.s.**, Na Florenci 35, 110 00 Praha 1,  
**BOHEMIA KONZULT, s.r.o.**, Osadní 26, 170 00 Praha 7,  
**BRNĚNSKÉ VELETRHY A VÝSTAVY, a.s.**, Výstaviště 1, 660 91 Brno,  
**C. S. FIRST BOSTON, a.s.**, Staroměstské nám. 15, 110 00 Praha 1,  
**CITIBANK, a.s.**, Evropská 178, 166 40 Praha 6,  
**COOP BANKA, a.s.**, Benešova 14-16, 601 78 Brno,  
**CREDITANSTALT SECURITIES, a.s.**, Provaznická 11, 110 00 Praha 1,  
**ČESKÁ BANKA, a.s.**, Karoliny Světlé 8, 110 00 Praha 1,  
**ČESKÁ SPOŘITELNA, a.s.**, Na Příkopě 29, 113 98 Praha 1,  
**ČESKOSLOVENSKÁ OBCHODNÍ BANKA, a.s.**, Na Příkopě 14, 115 20 Praha 1,  
**DOMINICK & DOMINICK, a.s.**, U Okrouhlíku 3, 150 00 Praha 5,  
**EASTBROKERS, a.s.**, 28. října 13, 110 00 Praha 1,  
**EB BROKERS, a.s.**, U šesté baterie 86/17, 162 00 Praha 6,  
**EFEKTA, a.s.**, tř. Svobody 105, 460 15 Liberec ,  
**EKOAGROBANKA, a.s.**, Dvořákova 2, 400 21 Ústí nad Labem,  
**FOND NÁRODNÍHO MAJETKU**, Rašínovo nám. 42, 128 00 Praha 2,  
**HARVARDSKÁ BURZOVNÍ SPOLEČNOST, a.s.**, nám. Hrdinů 4, 140 00 Praha 4,  
**IC BANKA, a.s.**, Pobřežní 3, 186 00 Praha 8,  
**IMAGE 1, a.s.**, Jandova 3, 190 00 Praha 9,  
**INTERBANKA, a.s.**, Václavské nám. 40, 110 00 Praha 1,  
**INVESTIČNÍ A POŠTOVNÍ BANKA, a.s.**, Senovážné nám. 32, 114 03 Praha 1,  
**INVESTIČNÍ A ROZVOJOVÁ BANKA, a.s.**, Štúrova 5, 818 55 Bratislava,  
**KAP. INVEST. SPOL. ČESKÉ POJIŠŤOVNY, a.s.**, Týnská 3, 110 00 Praha 1,  
**KOMERČNÍ BANKA, a.s.**, Na Příkopě 33, 114 07 Praha 1,  
**KOMERO, s.r.o.**, Fügnerovo nám. 3, 120 00 Praha 2,  
**KREDITNÍ BANKA, a.s.**, Žižkova 66, 320 84 Plzeň,  
**LIFOX, a.s.**, Smetanovo nám. 18, 110 00 Praha 1,  
**MERX, a.s.**, Českomoravská 23, 180 56 Praha 8,  
**OESTERREICHER A SPOL., s.r.o.**, V jámě 12, 110 00 Praha 1,  
**PRAGOBANKA, a.s.**, Vinohradská 230, 100 00 Praha 10,  
**SLOVENSKÁ ŠTÁTNA ŠPORITELŇA, š. p. ú.**, nám. SNP 18, 816 07 Bratislava,  
**VIA, a.s.**, PRAHA, Argentinská 15, 170 00 Praha 7,  
**VŠEOBECNÁ ÚVEROVÁ BANKA, a.s.**, nám. SNP 19, 818 56 Bratislava,  
**ZEMSKÁ BANKA, a.s.**, Krapkova 4, 772 26 Olomouc,  
**ŽIVNOSTENSKÁ BANKA, a.s.**, Na Příkopě 20, 110 03 Praha 1.

## LIST OF MEMBERS OF THE STOCK EXCHANGE

### OTHER MEMBERS

**ABN AMRO BANK N.V.**, Prague branch, Revoluční 1, 110 00 Praha 1,  
**AKRO CAPITAL, a.s.**, Malá Štěpánská 9, 120 00 Praha 2,  
**ATLANTIK FINANČNÍ TRHY, s.r.o.**, Divadelní 4, 602 00 Brno,  
**BANKOVNÍ DŮM SKALA, a.s.**, Seifertova 9, 130 00 Praha 3,  
**BAYERISCHE VEREINSBANK AG**, Prague branch, Italská 24, 121 49 Praha 2,  
**BODY INTERNATIONAL BROKERS, a.s.**, Senovážné nám. 3, 110 00 Praha 1,  
**BURZ. SPOLEČNOST PRO KAPITÁLOVÝ TRH, a.s.**, Václavské nám. 66, 120 00 Praha 2,  
**C. S. BROKERS, a.s.**, Perlová 1, 111 01 Praha 1,  
**CONSUS - DRUŽSTVO**, Václavské nám. 43, 110 00 Praha 1,  
**CTL CONSULTING, s.r.o.**, Přemyslovská 28, 130 00 Praha 3,  
**ČESKÁ NÁRODNÍ BANKA**, Na Příkopě 28, 110 03 Praha 1,  
**ČESKOMORAV. ZÁRUČNÍ A ROZVOJ. BANKA, a.s.**, Jeruzalémská 4, 110 00 Praha 1,  
**EUROPROGRES, a.s.**, V jámě 1, 110 00 Praha 1,  
**EXPANDIA FINANCE, a.s.**, Kodaňská 46, 100 10 Praha 10,  
**GIROCREDIT BANKA PRAHA, a.s.**, Václavské nám. 56, 110 00 Praha 1,  
**HYPO-BANK CZ, a.s.**, Štěpánská 27, 110 00 Praha 1,  
**ING CAPITAL MARKETS, a.s.**, Pobřežní 3, 186 00 Praha 8,  
**KATNEK SECURITIES, a.s.**, U Demartinky 2561/1, 150 00 Praha 5,  
**MORAVIA BANKA, a.s.**, Palackého 133, 738 02 Frýdek-Místek,  
**MOTOINVEST, a.s.**, Nad Krocínkou 55, 190 00 Praha 9,  
**PATRIA FINANCE, a.s.**, Husova 5, 110 00 Praha 1,  
**PODNIKATELSKÁ BANKA, a.s.**, Mezibranská 23, 110 00 Praha 1,  
**PPF BURZOVNÍ SPOLEČNOST, a.s.**, Oldřichova 153, 128 00 Praha 1,  
**PRAŽSKÁ BROKERSKÁ, a.s.**, nám. Míru 341/15, 110 00 Praha 1,  
**PRO ANO, s.r.o.**, Na Pankráci 11, 140 00 Praha 4,  
**RAIFFEISENBANK, a.s.**, Vodičkova 38, 118 00 Praha 1,  
**RAXER, s.r.o.**, V jámě 1, 111 91 Praha 1,  
**REALITBANKA, a.s.**, Antala Staška 32, 146 20 Praha 4,  
**RENTIA, a.s.**, Kotlářská 53, 658 90 Brno,  
**SLOVENSKÁ POĽNOHOSPODÁRSKA BANKA, ú. s.**, Miletičova 21, 824 82 Bratislava,  
**TIPAINVEST, a.s.**, U Obůrky 5, 674 01 Třebíč,  
**UNION BANKA, a.s.**, ul. 30. dubna 35, 702 00 Ostrava,  
**UNIVERSAL BANKA, a.s.**, Velká Hradební 484/2, 400 01 Ústí nad Labem,  
**WOOD & COMPANY, s.r.o.**, Martinská 4, 110 00 Praha 1.

The Stock Exchange Praha, a.s., had 71 members at Dec. 31, 1994,  
of which 37 were shareholders and 34 possessing different status.



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